



TESTIMONY
of the
CONNECTICUT CONFERENCE OF MUNICIPALITIES
to the
FINANCE, REVENUE AND BONDING COMMITTEE

March 15, 2010

CCM is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 93% of Connecticut's population. We appreciate this opportunity to provide testimony to you on issues of concern to towns and cities.

CCM supports, but asks that you amend, SB 5481, "AAC Collection and Remittance of the Sales Tax by Remote Sellers".

This bill would clarify that sales tax is due on internet purchases when online retailers use an in-state affiliate to sell its product.

It is our understanding that this legislation would (i) close a loop-hole that allows buyers to avoid paying sales or use taxes on items purchased over the internet even when the seller has an affiliate in state, and (ii) could recapture about \$7 million in lost state revenue..

CCM urges you to amend the bill to help preserve important local public services and lessen property tax increases in Connecticut's most hard-pressed municipalities.

Remember that towns and cities already have taken a \$100 million hit in this biennium, mostly cuts to the PILOT reimbursement programs and the Pequot-Mohegan grant. These cuts hurt our poorest municipalities the most, particularly three of the poorest cities in the United States: Bridgeport, New Haven and Hartford.

Although the biennial budget would "flat fund" many state grant programs, formula factors mean that individual municipalities would still lose funding from this year to next. For example, under statewide "flat funding" of the PILOT grant for state colleges and hospitals New Haven would receive approximately over \$2 million less next year than this year and Bridgeport would receive over \$1 million less.

This bill offers a revenue source that could provide a lifeline to Connecticut's most distressed municipalities.

CCM urges the committee to favorably report this bill, and dedicate its revenue to holding distressed municipalities harmless from formula-factor losses and cutbacks in state grant programs.

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If you have any questions, please contact Jim Finley or Gian-Carl Casa of CCM, at (203) 498-3000.